

Outlook Winter 2007-2008

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Overview

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Introduction

- Lower less volatile prices
- Heating bill projections
- Energy assistance needs

Energy Assistance

Assistance 2006-2007

\$8.7 million, 31,294 assistance grants

2005-2006	\$7.8 m
2004-2005	\$5.1 m
2003-2004	\$4.0 m
2002-2003	\$5.3 m

Projected Assistance 2007-2008

\$4.6 to \$7.1 million projected 2007-2008

Keeping Customers Connected

- Minimizing service disruptions
- Flexible payment arrangements
- Manageable deposits
- Outreach to inactive accounts

Managing Energy Costs

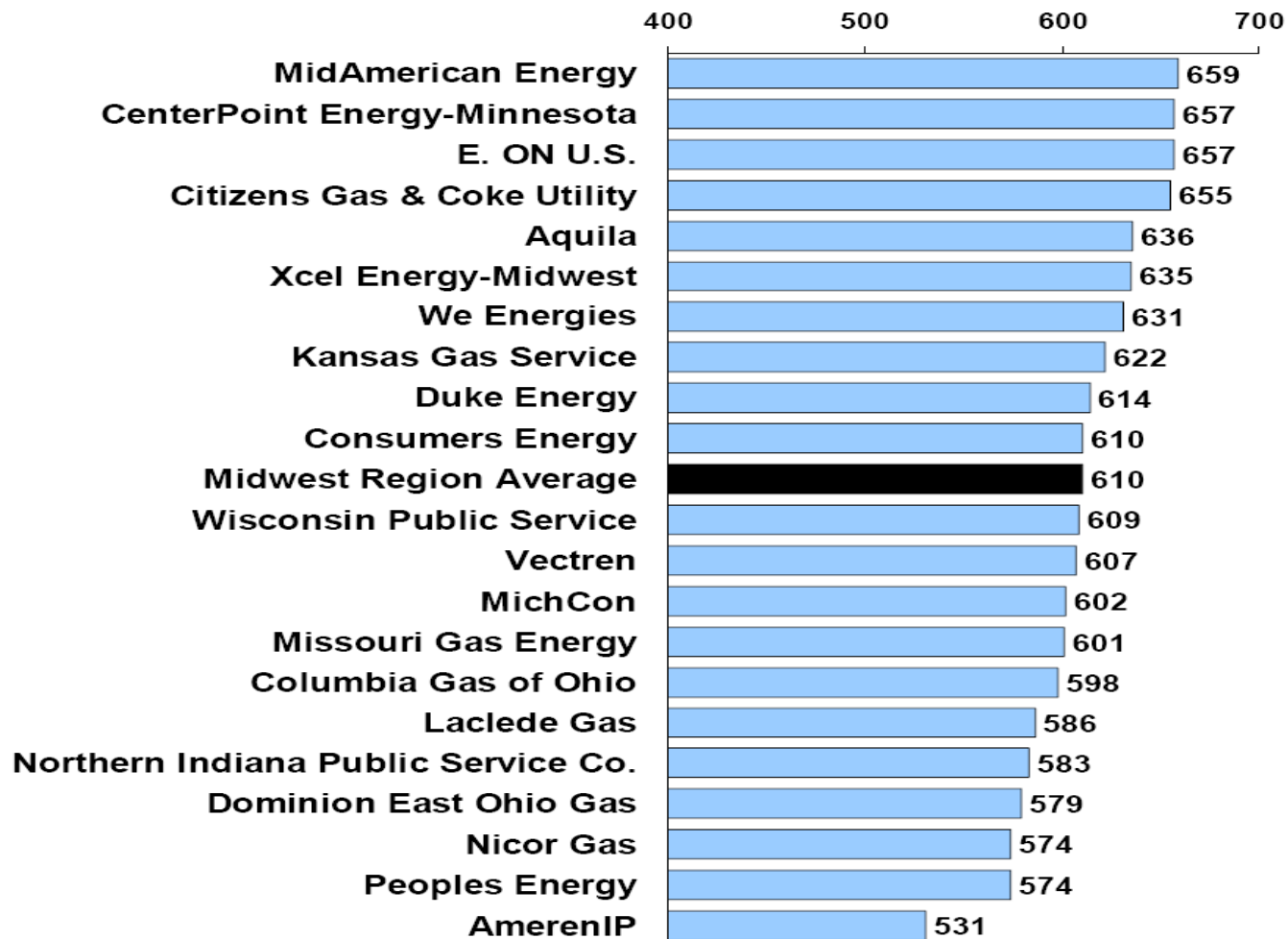
- Budget Billing
- Other Payment Options
- New Internet Site

Customer Awareness

- Safety and Conservation
- Bill inserts
- Be WinterWise Energy Fair
- Media outreach
- Hispanic TV spots
- Home heating safety initiative

Customer Satisfaction

Annual Gas Utility Survey – J.D. Power & Associates



New Rate Structure

- Aligns utility's interests with customer
- Helps stabilize customer bills
- Developing energy efficiency program

Outlook – Price, Supply, Volatility

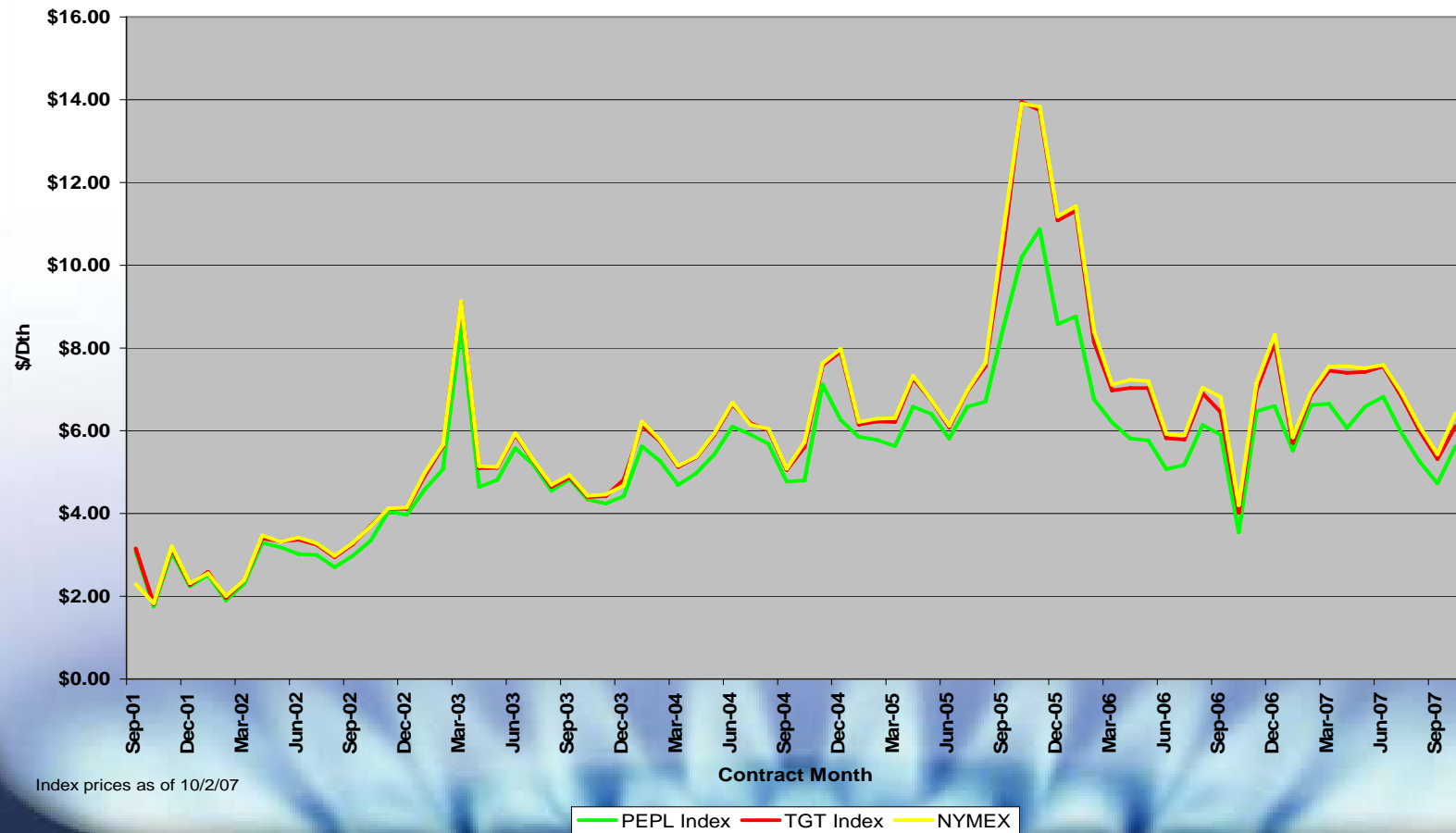
LaTona Prentice

Executive Director, Regulatory Affairs

Citizens Gas

Recent Price Trends

Citizens Gas & Coke Utility
Price Trends - Relevant Indices



Supply and Demand Outlook

- Demand growth continues
- Supply remains tight
- Volatility will continue

Energy Policy

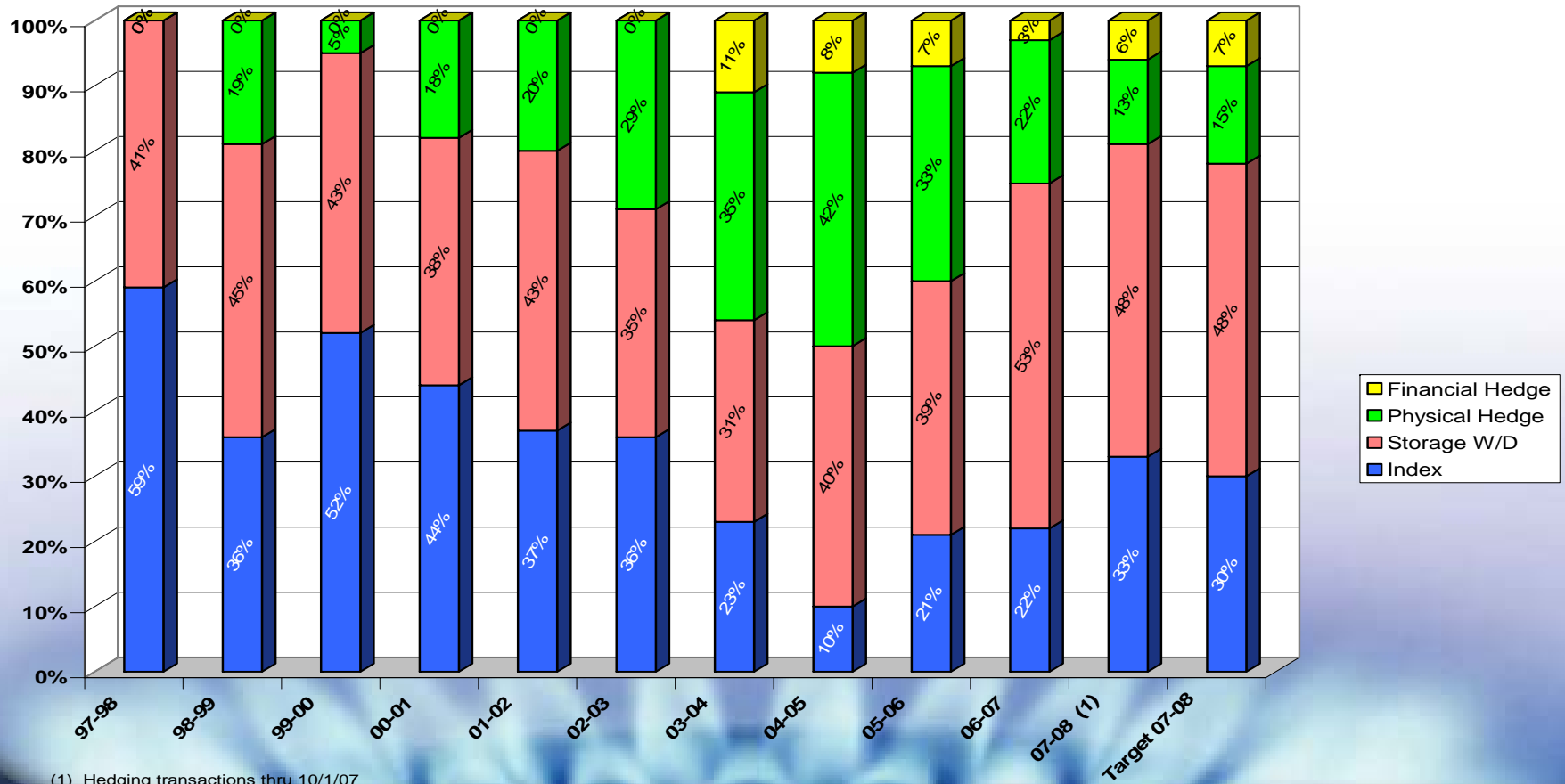
- National Energy Policy
- Climate change legislation
- LIHEAP

Securing Affordable Supply

- Diversifying supply sources
- Heartland Gas Pipeline
- Prepaid Gas Purchase
- Rockies Express

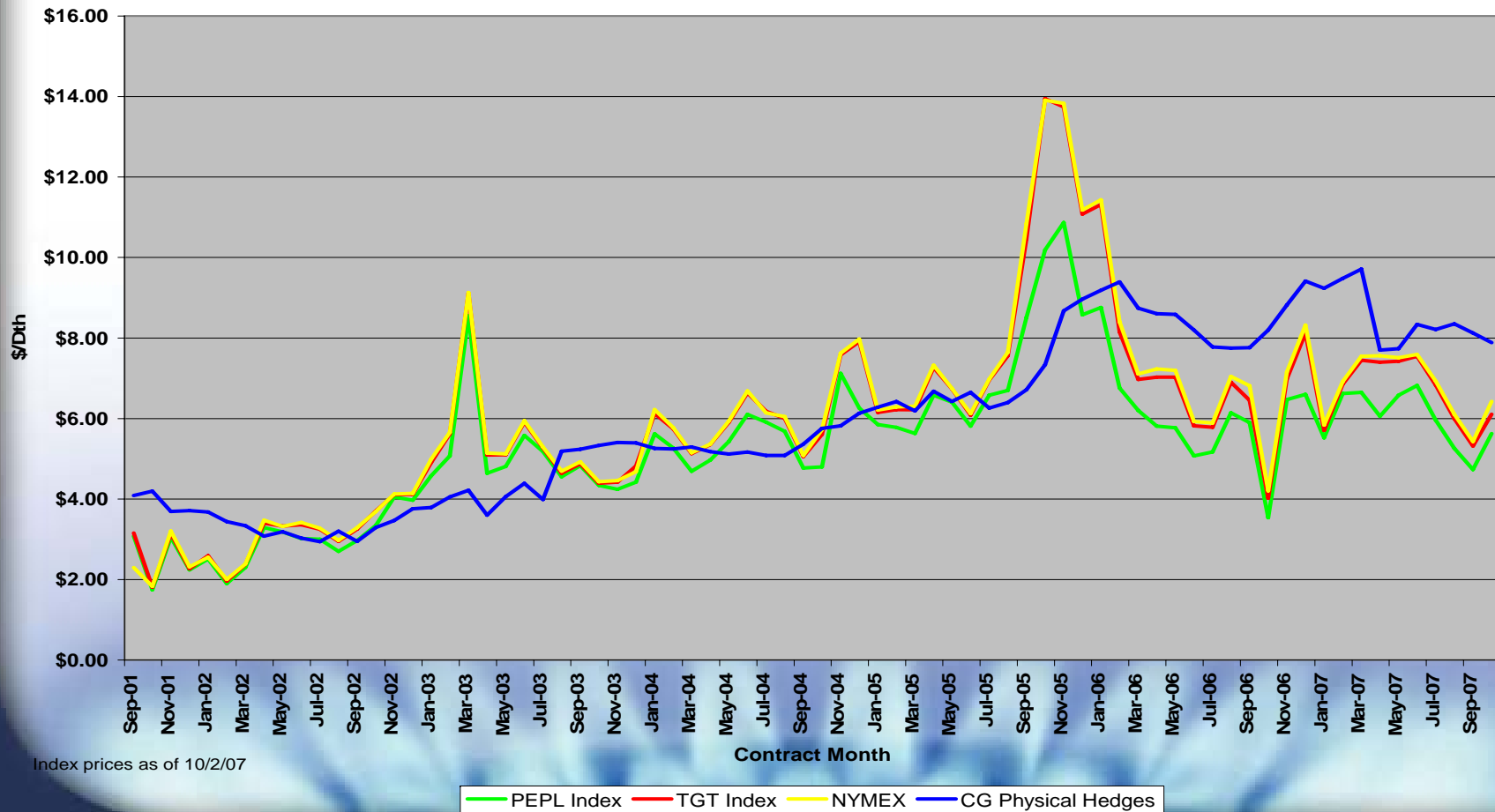
Price Volatility Mitigation

CITIZENS GAS & COKE UTILITY Winter Sendout Supply Source Annual Comparison



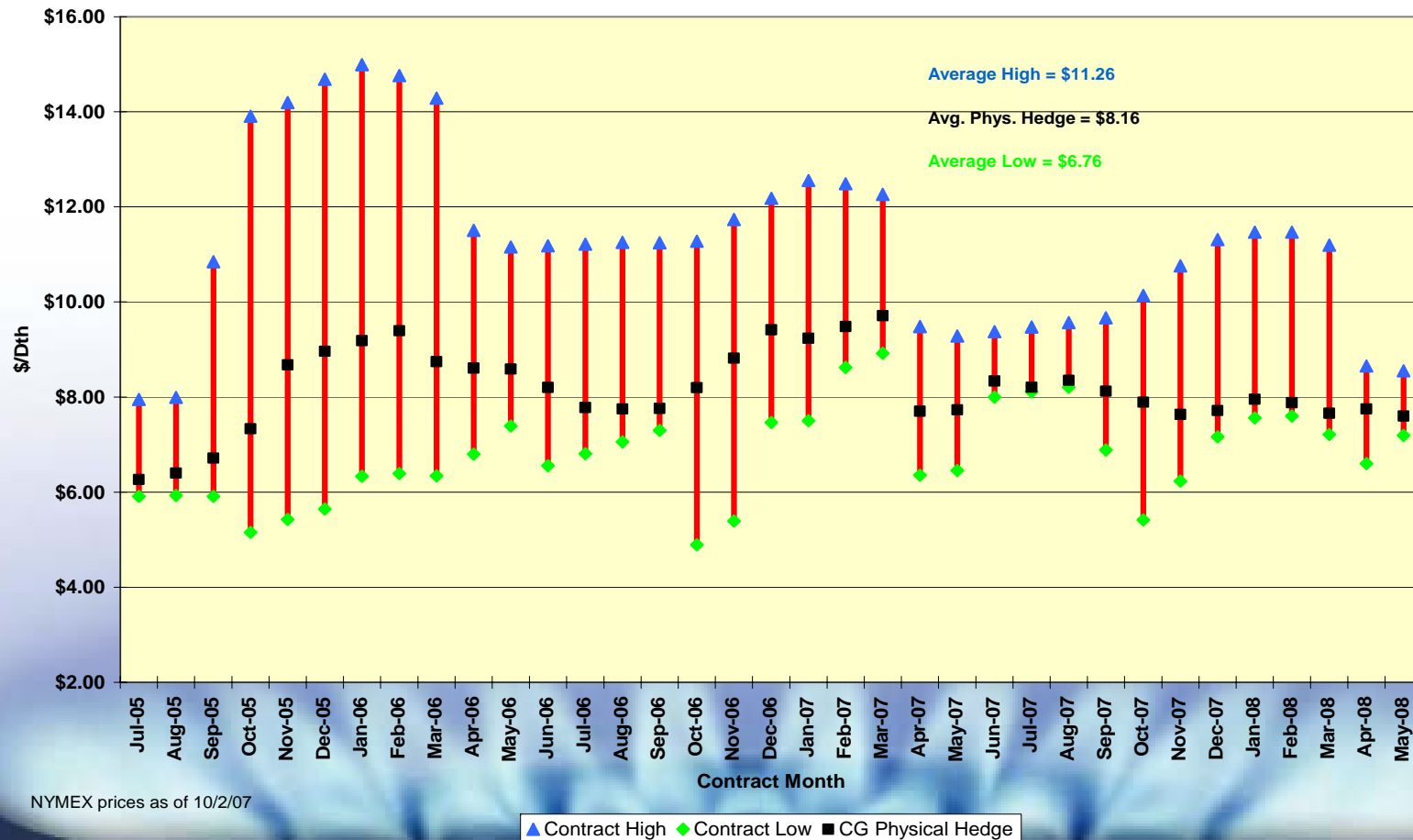
Fixed Prices Vs. Indices

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Comparison of CG Physical Hedges to Relevant Indices



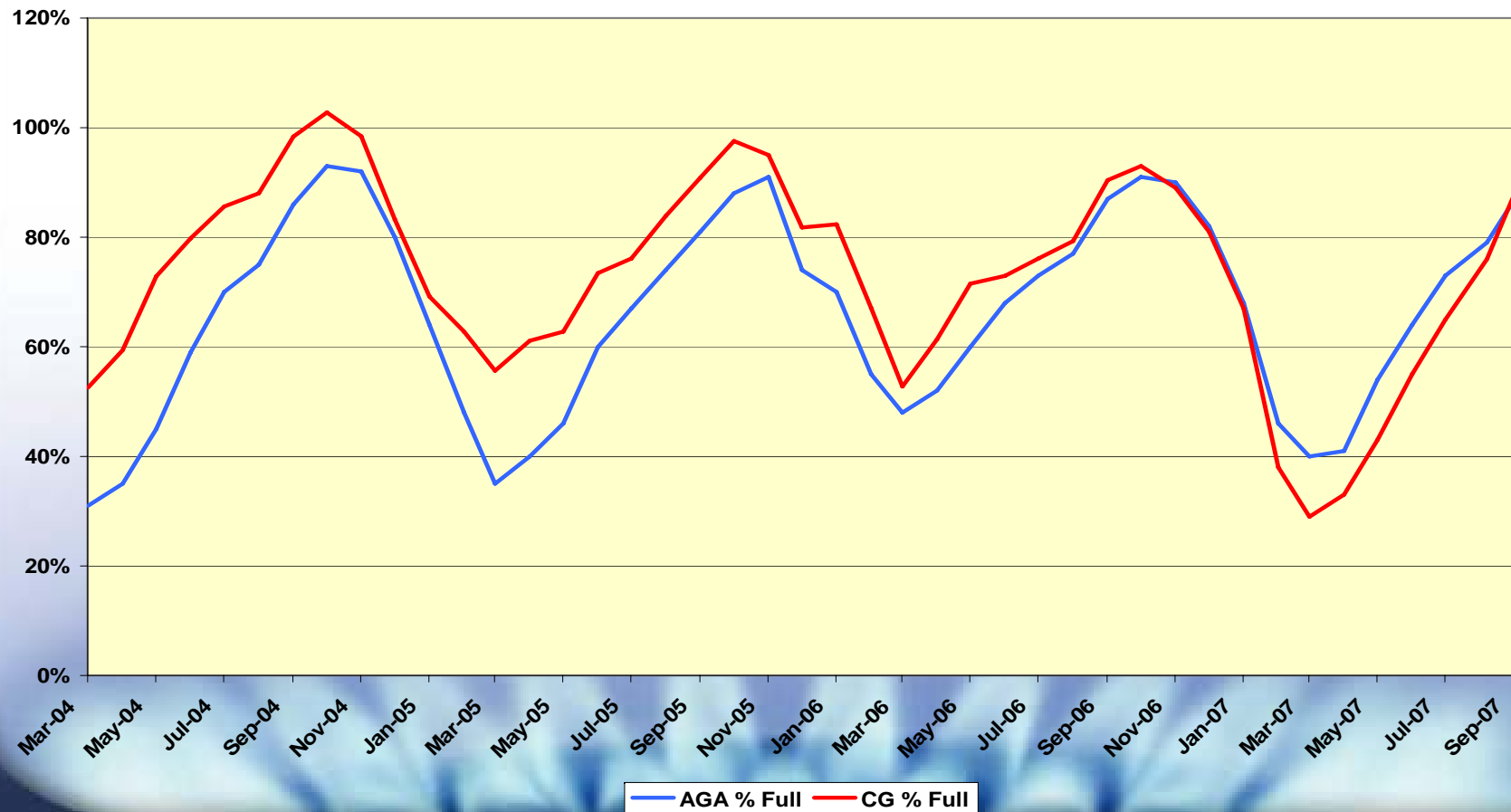
Price Volatility History

Citizens Gas & Coke Utility
NYMEX Trading Ranges for Individual Contract Months



Storage is Ready

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Comparison of CG vs. AGA/EIA Storage



Conclusion

Questions